CNB FLORIDA BANCSHARES INC
Form 10-Q
November 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

 X   QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934 (no fee required)
For the quarterly period ended September 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
--- EXCHANGE ACT OF 1934 (no fee required)
For the transition period from ________ to ________

Commission File No. 0-25988

CNB Florida Bancshares, Inc.
(Exact Name of Registrant as Specified in Its Charter)

FLORIDA	59-2958616
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9715 Gate Parkway North Jacksonville, Florida	32246
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (904) 997-8484

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

The number of shares of the registrant's common stock outstanding as of October 31, 2002 was 6,106,703 shares, $0.01 par value per share.

CNB FLORIDA BANCSHARES, INC.
FINANCIAL REPORT ON FORM 10-Q

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PART I
FINANCIAL INFORMATION

CNB FLORIDA BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

ASSETS

Cash and cash equivalents:

Cash and due from banks
Federal funds sold
Interest-bearing deposits in other banks

Total cash and cash equivalents

Investment securities available for sale
Investment securities held to maturity
Loans:
Commercial, financial and agricultural
Real estate - mortgage
Real estate - construction
Installment and consumer

Total loans, net of unearned income
Less: Allowance for loan losses

Net loans

Loans held for sale
Premises and equipment, net
Intangible assets, net
Other assets

TOTAL ASSETS

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES
Deposits:
Non-interest bearing demand
Savings, NOW and money market
Time under $100,000
Time $100,000 and over

Total deposits
Securities sold under repurchase agreements and federal funds purchased
Other borrowings
Other liabilities

Total liabilities

SHAREHOLDERS' EQUITY
Preferred stock; $.01 par value; 500,000 shares authorized, no shares issued or outstanding
Common stock; $.01 par value; 10,000,000 shares authorized, 6,106,703 shares issued and outstanding at September 30, 2002 and 6,106,453 shares issued and outstanding at December 31, 2001
Additional paid-in capital
Retained earnings
Accumulated other comprehensive income, net of taxes

Total shareholders' equity

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

See accompanying notes to unaudited consolidated financial statements

CNB FLORIDA BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

Interest Income

Interest and fees on loans
Interest on investment securities available for sale
Interest on investment securities held to maturity
Interest on federal funds sold
Interest on interest-bearing deposits

Total interest income

Interest Expense
Interest on deposits
Interest on repurchases and federal funds purchased
Interest on other borrowings

Total interest expense

Net interest income

Provision for Loan Losses

Net interest income after provision for loan losses

Non-Interest Income
Service charges
Secondary market mortgage sales
Other fees and charges

Total non-interest income

Non-Interest Expense
Salaries and employee benefits
Occupancy and equipment expenses
Other operating expenses

Total non-interest expense

Income before income taxes
Provision for income taxes

NET INCOME

Earnings Per Share (Note 3):

Basic earnings per share

Weighted average shares outstanding

Diluted earnings per share

Diluted weighted average shares outstanding

Dividends Per Share

See accompanying notes to unaudited consolidated financial statements.

CNB FLORIDA BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

Interest Income

Interest and fees on loans
Interest on investment securities available for sale
Interest on investment securities held to maturity
Interest on federal funds sold
Interest on interest-bearing deposits

Total interest income

Interest Expense
Interest on deposits
Interest on repurchases and federal funds purchased
Interest on other borrowings

Total interest expense

Net interest income

Provision for Loan Losses

Net interest income after provision for loan losses

Non-Interest Income
Service charges
Secondary market mortgage sales
Other fees and charges

Total non-interest income

Non-Interest Expense
Salaries and employee benefits
Occupancy and equipment expenses
Other operating expenses

Total non-interest expense

Income before income taxes
Provision for income taxes

NET INCOME

Earnings Per Share (Note 3):

Basic earnings per share

Weighted average shares outstanding

Diluted earnings per share

Diluted weighted average shares outstanding

Dividends Per Share

See accompanying notes to unaudited consolidated financial statements.

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CNB FLORIDA BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income
Adjustments to reconcile net income to net cash provided by (used in) operating activities:
Depreciation and amortization
Provision for loan loss
Investment securities amortization (accretion), net
Non-cash compensation
Net proceeds from (origination of) loans held for sale
Changes in assets and liabilities:
Other assets
Other liabilities

Net cash provided by (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES
Purchases of investment securities available for sale
Proceeds from maturities of securities available for sale
Proceeds from maturities of securities held to maturity

Proceeds from called securities available for sale
Proceeds from called securities held to maturity
Net increase in loans
Purchases of premises and equipment
Branches acquired from Republic Bank

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES
Net increase in deposits
Net decrease in securities sold under repurchase agreements and federal funds purchased
Net decrease in FHLB advances
Cash dividends
Repurchase of common stock
Proceeds from exercise of stock options

Net cash provided by financing activities

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, beginning of period

CASH AND CASH EQUIVALENTS, end of period

SUPPLEMENTAL DISCLOSURES:
Interest paid

Income taxes paid

See accompanying notes to unaudited consolidated financial statements.

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CNB FLORIDA BANCSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2002
(Unaudited)

Note 1. Basis of Presentation and Accounting Policies
The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q which do not require all information and footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, such financial statements reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented. Operating results for the nine months ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. Management's discussion and analysis should be read in conjunction with the consolidated financial statements. Certain amounts and captions relating to 2001 have been reclassified to conform to current year presentation.

Accounting policies followed in the presentation of interim financial results are presented in Note 2 of CNB Florida Bancshares, Inc.'s (the "Company") audited consolidated financial statements included in Form 10-K for the year ended December 31, 2001.

Note 2. Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, CNB National Bank. All significant intercompany accounts and transactions have been eliminated.

Note 3. Earnings Per Share
Basic earnings per share is calculated based on the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of shares of common stock outstanding and common stock equivalents, consisting of outstanding stock options that have a diluted effect on earnings per share. Common stock equivalents are determined using the treasury method for diluted shares outstanding. The difference between diluted and basic shares outstanding is common stock equivalents from stock options outstanding during the periods ended September 30, 2002 and 2001.

The following table sets forth the computation of earnings per share for the each of the three and nine month periods ended September 30, 2002 and 2001.

	Three Months Ended	
	September 30, 2002	September 30 2001
Numerator:		
Net income	$ 1,477	$ 624
Preferred stock dividends	-	-
Numerator for basic earnings per share Income to common shareholders	1,477	624
Effect of dilutive securities: Preferred stock dividends	-	-
Numerator for diluted earnings per share Income available to common shareholders	$ 1,477	$ 624
Denominator:		
Denominator for basic earnings per share Weighted-average shares	6,104,021	6,097,248
Effect of dilutive securities: Common stock options	109,401	112,824
Dilutive potential common shares	109,401	112,824
Denominator for diluted earnings per share Adjusted weighted average shares	6,213,422	6,210,072
Basic earnings per share	$ 0.24	$ 0.10

Diluted earnings per share	$ 0.24	$ 0.10

Note 4. Comprehensive Income

Comprehensive income is defined as the total of net income and all other changes in equity. The following table details the Company's comprehensive income for the three and nine months ended September 30, 2002 and 2001.

	Three Months Ended	
	September 30, 2002	September 30 2001
Unrealized gain (loss) recognized in other comprehensive income (net):		
Available for sale securities	$ 385	$ 241
Interest rate swap designated as cash flow hedge	(450)	-
Total unrealized gains (loss) before income taxes	(65)	241
Income taxes	(24)	90
Net of tax	$ (41)	$ 151
Amounts reported in net income:		
Gain on called securities	$ 4	$ -
Interest rate swap designated as cash flow hedge	(74)	-
Net amortization (accretion)	59	-
Reclassification adjustment	(11)	-
Income taxes	4	-
Reclassification adjustment, net of tax	$ (7)	$ -
Amounts reported in other comprehensive income:		
Net unrealized gain (loss) arising during period, net of tax	$ (48)	$ 151
Reclassification adjustment, net of tax	7	-
Unrealized gain (loss) arising during period, net of tax	(41)	151
Net income	1,477	624
Total comprehensive income	$ 1,436	$ 775

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Note 5. Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, Goodwill and Other Intangible Assets ("SFAS 142"). SFAS 142 requires, among other things, the discontinuance of goodwill amortization and includes provisions for reassessment of the useful lives of existing intangibles and the identification of reporting units for purposes of assessing potential future impairments of goodwill. Consequently, there was no goodwill amortization recorded during the nine months ended September 30, 2002. The Company recorded goodwill amortization expense of $52,000 for the nine months ended September 30, 2001. The carrying value of goodwill was $646,000 at September 30, 2002.

The Company's only other intangible assets consist of core deposit intangibles that are being amortized over their estimated useful life of 10 years. Amortization expense related to core deposit intangibles was $187,000 and $561,000 for the three and nine months ended September 30, 2002 and $181,000 and $287,000 for the corresponding 2001 periods, respectively. Estimated amortization expense on core deposit intangibles for the years ended December 31, 2002 through December 31, 2007 are as follows:

December 31, 2002	$746,000
December 31, 2003	$712,000
December 31, 2004	$638,000
December 31, 2005	$638,000
December 31, 2006	$634,000
December 31, 2007	$631,000

The gross carrying value and accumulated amortization related to core deposit intangibles was $7.6 million and $2.0 million at September 30, 2002, respectively.

SFAS 142 also requires the Company to complete a two-step transitional goodwill impairment test. The first step of the impairment test must be completed six months from the date of adoption and the second step must be completed as soon as possible, but no later than the end of the year of initial application. The Company adopted the provisions of SFAS 142 on January 1, 2002. The adoption of this standard did not have a material impact on the financial position or results of operations of the Company. The Company completed the transitional goodwill impairment test during the first quarter of 2002 and determined that goodwill at transition was not impaired. In addition, the remaining useful life of the core deposit intangible asset was reviewed and considered to be appropriate.

In June 2001, the FASB issued SFAS 143, Accounting for Asset Retirement Obligations ("SFAS 143"). SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Although earlier application is encouraged, SFAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company believes the adoption of SFAS 143 will not have a significant impact on the Company's consolidated financial statements.

In August 2001, the FASB issued SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS 144"). SFAS 144 supersedes SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. SFAS 144 also amends Accounting Research Bulletin No. 51, Consolidated Financial Statements, to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The adoption of SFAS 144 did not have a significant impact on the Company's consolidated financial statements.

In April 2002, the FASB issued SFAS 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of SFAS 13, and Technical Corrections as of May 2002 ("SFAS 145"). SFAS 145 rescinds SFAS 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that Statement, SFAS 64, Extinguishments of Debt Made to Satisfy Sinking-Funds Requirements. SFAS 145 also rescinds SFAS 44, Accounting for Intangible Assets of Motor Carriers and amends SFAS 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS 145 is generally effective for financial

statements issued for fiscal years beginning after May 15, 2002. The Company believes the adoption of SFAS 145 will not have a significant impact on the Company's consolidated financial statements.

In June 2002, the FASB issued SFAS 146, Accounting for Costs Associated with Exit or Disposal Activities ("SFAS 146"). SFAS 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002. The Company believes the adoption of SFAS 146 will not have a significant impact on the Company's consolidated financial statements.

In October 2002, the FASB issued SFAS 147, Acquisitions of Certain Financial Institutions - an amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9 ("SFAS 147"). SFAS 147 removes acquisitions of financial institutions from the scope of both Statement 72 and Interpretation 9 and requires that those transactions be accounted for in accordance with FASB Statements No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets. SFAS 147 also amends FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, to include in its scope long-term customer-relationship intangible assets of financial institutions such as depositor- and borrower-relationship intangible assets and credit cardholder intangible assets. The provisions of SFAS 147 relating to the acquisitions of certain financial institutions, is effective for acquisitions for which the date of the acquisition is on or after October 1, 2002. The provisions of SFAS 147 relating to accounting for the impairment or disposal of certain long-term customer-relationship intangible assets are effective on October 1, 2002. Transition provisions for previously recognized unidentifiable intangible assets are effective on October 1, 2002, with earlier application permitted. The Company believes the adoption of SFAS 147 will not have a significant impact on the Company's consolidated financial statements.

CNB FLORIDA BANCSHARES, INC. AND SUBSIDIARY
Selected Financial Data

Dollars in thousands except per share information.	20
SUMMARY OF OPERATIONS:	
Total interest income	$
Total interest expense	

Net interest income	
Provision for loan losses	
Net interest income after provision for loan losses	
Non-interest income	
Non-interest expense	
Income before taxes	
Income taxes	
Net income	$
PER COMMON SHARE:	
Basic earnings	$
Diluted earnings	
Book value	
Dividends	
Actual shares outstanding	6,
Weighted average shares outstanding	6,
Diluted weighted average shares outstanding	6,
KEY RATIOS:	
Return on average assets	
Return on average shareholders' equity	
Dividend payout	
Efficiency ratio	
Total risk-based capital ratio	
Average shareholders' equity to average assets	
Tier 1 leverage	
FINANCIAL CONDITION AT PERIOD-END:	
Assets	$
Loans	
Deposits	
Shareholders' equity	

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The following analysis reviews important factors affecting the financial condition and results of operations of CNB Florida Bancshares, Inc. (the "Company") for the three and nine month periods ended September 30, 2002 and 2001. This financial information should be read in conjunction with the unaudited consolidated financial statements of the Company and its wholly owned subsidiary, CNB National Bank ("the Bank"), included in Item 1. of this Form 10-Q and the audited consolidated financial statements included in Form 10-K for the year ended December 31, 2001. The analysis contains forward-looking statements with respect to financial and business matters, which are subject to risks and uncertainties, that may change over a period of time. These risks and uncertainties include but are not limited to changes in the interest rate environment that may reduce margins, general economic or business conditions in the Company's markets that lead to a deterioration in credit quality or reduced loan demand, legislative or regulatory changes and competitors of the Company that may have greater financial resources and develop products or services that enable such competitors to compete more successfully than the Company. Other factors that may cause actual results to differ from the forward-looking statements include customer acceptance of new products and services, changes in customer spending and saving habits and the Company's success in managing costs associated with expansion. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Actual results could be significantly different from the forward-looking statements contained herein. The Company has no foreign operations; accordingly, there are no assets or liabilities attributable to foreign operations.

RESULTS OF OPERATIONS

The Company's earnings for the three month period ended September 30, 2002 were $1.5 million, or $0.24 per diluted share, compared to $624,000, or $0.10 per diluted share, in the third quarter of 2001. For the nine months ended September 30, 2002, net income was $3.8 million or $0.61 per diluted share, compared to $2.1 million, or $0.33 per diluted share for the comparable 2001 period. Total assets increased to $686.9 million at September 30, 2002 compared to $601.8 million at September 30, 2001, an increase of 14%. Total outstanding loans and deposits rose 15% and 17% to $573.8 million and $613.0 million, respectively, at September 30, 2002 from $498.3 million and $522.8 million, respectively, at the same period in 2001.

Net Interest Income

Net interest income is the single largest source of revenue for the Bank and consists of interest and fee income generated by earning assets, less interest expense paid on interest bearing liabilities. The Company's primary objective is to manage its assets and liabilities to provide the largest possible amount of income while balancing interest rate, credit quality, liquidity and capital risks. Net interest income was $19.0 million for the nine month period ended September 30, 2002, compared to $15.1 million for the comparable period in 2001, an increase of 26%. The increase was primarily due to loan and securities growth, improved rates and spreads and higher transaction account deposit balances. These increases were partially offset by growth in time deposits.

Total average earning assets increased $107.0 million, or 22% to $590.5 million in 2002, compared to $483.4 million in 2001. The primary driver of this increase was an increase in the average balance of loans of $99.5 million. Increases in time, money market and other interest bearing deposits, including those accounts acquired from Republic Bank in May 2001, were the main contributors in the $88.1 million, or 21%, growth in average interest bearing liabilities.

Net interest margin increased to 4.31% for the nine months ended September 30, 2002 compared to 4.19% for the same period in 2001. The increase is due to loan growth and improved spreads on loans and time deposits. These improvements were partially offset by lower spreads on transaction account deposit balances. Total earning asset yields decreased to 6.92% in 2002 from 8.35% in 2001 and rates on interest-bearing liabilities decreased to 3.01% in 2002 from 4.74% in 2001. The decline in earning asset yields is reflective of a drop in the Bank's prime rate of 475 basis points during 2001 and a stagnant interest rate environment during 2002. The lower rates on interest bearing liabilities reflect a change in funding mix away from higher-cost sources to lower cost deposits, coupled with the lower interest rate environment. During the first nine months of 2002, the Company benefited from a reduction in funding costs as higher-rate certificates of deposit matured and rolled over at lower rates.

The positive impact of this benefit is expected to decline over the remainder of 2002 as the spread between maturing deposits and current interest rates is compressed. Table 1: "Average Balances - Yields and Rates" provides the Company's average volume of interest earning assets and interest bearing liabilities for the nine months ended September 30, 2002 and 2001.

Table 1: Average Balances - Yields and Rates
(Unaudited)

	Nine Months Ended September 30, 2002			Nine M Septem	
	Average Balance	Interest Income or Expense	Average Rate	Average Balance	I I E
			(dollars in thousands)		
ASSETS:					
Federal funds sold	$ 4,337	$ 54	1.66%	$ 3,178	$
Investment securities available for sale	42,500	1,399	4.40	32,248	
Investment securities held to maturity	2,113	95	6.01	6,659	
Loans (1)	540,500	29,019	7.18	441,001	
Interest bearing deposits	1,021	15	1.96	346	
TOTAL EARNING ASSETS	590,471	30,582	6.92	483,432	
All other assets	54,372			54,284	
TOTAL ASSETS	$644,843			$537,716	
LIABILITIES AND SHAREHOLDERS' EQUITY:					
NOW and money markets	$186,829	$ 2,504	1.79%	$140,193	$
Savings	21,795	122	0.75	18,218	
Time deposits	280,672	8,284	3.95	224,638	
Repurchases and federal funds purchased	13,964	158	1.51	14,725	
Short term borrowings	-	-	-	27,344	
Other borrowings	10,000	489	6.54	-	
TOTAL INTEREST BEARING LIABILITIES	513,260	11,557	3.01	425,118	
Demand deposits	78,181			60,654	
Other liabilities	5,117			6,400	
Shareholders' equity	48,285			45,544	
TOTAL LIABILITIES AND					

SHAREHOLDERS' EQUITY	$644,843			$537,716
INTEREST SPREAD (2)			3.91%	
NET INTEREST INCOME		$ 19,025		$
NET INTEREST MARGIN (3)			4.31%	

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Table 1a: Analysis of Changes in Interest Income and Expense
(Unaudited)

	NET CHANGE SEPTEMBER 30, 2001-2002 ATTRIBUTABLE TO:			N 20
	Volume (1)	Rate (2)	Net Change	Vol
			(thousands)	
INTEREST INCOME:				
Federal funds sold	$ 34	$ (74)	$ (40)	$
Investment securities available for sale	457	(497)	(40)	
Investment securities held to maturity	(208)	(2)	(210)	
Loans	6,378	(5,708)	670	
Interest bearing deposits	16	(9)	7	
Total	6,677	(6,290)	387	
INTEREST EXPENSE:				
NOW and money markets	1,004	(1,518)	(514)	
Savings	31	(67)	(36)	
Time deposits	2,560	(4,538)	(1,978)	
Repurchases and federal funds purchased	(9)	(313)	(322)	
Short term borrowings	-	-	-	
Other borrowings	(726)	73	(653)	
Total	2,860	(6,363)	(3,503)	
Net interest income	$ 3,817	$ 73	$ 3,890	$

Non-Interest Income

Non-interest income for the three and nine months ended September 30, 2002 increased $180,000, or 13%, and $628,000, or 16%, respectively, from the comparable periods in 2001. The increases in both the three and nine month periods were primarily attributed to fees associated with the increased deposit base and secondary market mortgage loan sales. Income from secondary market mortgage loan sales is highly dependent on mortgage loan origination volumes and the overall level of mortgage loan activity. Service charges on deposit accounts increased $247,000, or 12%, for the nine months ended September 30, 2002 compared to the same period in 2001. Secondary market mortgage loan sales increased $325,000, or 26%, for the nine months ended September 30, 2002 compared to the same period in 2001. Other fee income, which includes credit card fees, credit life insurance income, safe deposit box fees, net gains and losses from sale of securities and other miscellaneous fees, increased $56,000, or 12%, for the nine month period ended September 30, 2002 compared to the comparable 2001 period.

Non-interest income, annualized, as a percentage of average assets was 0.92% for the nine months ended September 30, 2002, compared to 0.95% for the comparable period in 2001.

Non-Interest Expense

Non-interest expense was $5.4 million and $15.8 million for the three and nine month periods ended September 30, 2002 compared to $5.2 million and $14.3 million for the respective 2001 periods, an increase of 3% and 10%, respectively. This increase is primarily attributable to higher personnel costs resulting from investments in the Company's production and operational platform

during the last three years. Annualized, non-interest expense as a percentage of average assets was 3.28% for the nine month period ended September 30, 2002, compared to 3.56% for the 2001 comparable period, reflecting the realization of efficiencies gained through the expansion of our production and operational platform. Salaries and employee benefits increased $847,000 or 11% to $8.4 million for the 2002 nine month period, compared to $7.5 million for the same period in 2001. As a percentage of average assets annualized, salaries and employee benefits decreased to 1.73% from 1.87%, for the nine month period ended September 30, 2002 and 2001, respectively. Average full-time equivalent employees increased by eight to 257 from September 30, 2001 to September 30, 2002.

Occupancy expense (including premises, furniture, fixtures and equipment) increased in the three and nine month periods of 2002 by $57,000, or 7%, and $317,000, or 14%, respectively, over the comparable periods in 2001. The increase is primarily attributable to costs associated with the two new de novo branches in the First Coast Division and the purchase of the two branches from Republic Bank in May 2001.

Other operating expenses increased $336,000, or 7%, in the 2002 nine month period compared to the same period in 2001. The following table details the areas of significance in other operating expenses.

Table 2: Other Operating Expenses

	Nine Months Ended September 30,	
	2002	2001

	(thousands)	
Data processing	$ 990	$ 810
Telephone	572	430
Amortization of intangible assets	561	339
Legal and professional	544	324
Postage and delivery	532	495
Advertising and promotion	361	437
Supplies	320	427
Regulatory fees	177	167
Loan expenses	130	191
Administrative	124	155
Education expense	96	78
Other general operating	79	50
Dues and subscriptions	70	66
Directors fees	65	56
Insurance and bonding	56	80
Other	249	485
Total other operating expenses	$4,926	$4,590

Income Taxes

The Company's income tax expense in interim reporting periods is determined by estimating the combined federal and state effective tax rate for the year and applying such rate to interim pre-tax income. The Company's estimated annual effective tax rate for 2002 is approximately 35%.

LIQUIDITY AND INTEREST RATE SENSITIVITY

Liquidity is defined as the ability of the Company to meet anticipated demands for funds under credit commitments and deposit withdrawals at a reasonable cost on a timely basis. Management measures the Company's liquidity position by giving consideration to both on-and off-balance sheet sources of and demands for funds on a daily and weekly basis. These funds can be obtained by converting assets to cash or by attracting new deposits. Average liquid assets (cash and amounts due from banks, interest bearing deposits in other banks, federal funds sold and investment securities available for sale) totaled $65.1 million and represented 11% of average total deposits during the nine months of 2002, compared to $55.1 million and 12% for 2001. Average loans were 95% and 99%

of average deposits for the nine month period ended September 30, 2002 and 2001, respectively.

In addition to core deposit growth, sources of funds available to meet liquidity demands include cash received through ordinary business activities such as the collection of interest and fees, federal funds sold, loan and investment maturities and lines for the purchase of federal funds by the Company from its principal correspondent banks. The Bank is also a member of the Federal Home Loan Bank and has access to short-term and long-term funds. In addition, the Company has a $3 million line of credit with one of its correspondent banks. The line of credit matures on June 30, 2003 with interest floating quarterly at 3-month Libor plus 145 basis points. There are no amounts outstanding on the $3 million line of credit. The line of credit and the Company's $10 million term loan are collateralized by 100% of the common stock of the Bank.

Interest rate sensitivity refers to the responsiveness of interest-earning assets and interest-bearing liabilities to changes in market interest rates. The rate sensitive position, or gap, is the difference in the volume of rate-sensitive assets and liabilities, at a given time interval, including both floating rate instruments and instruments that are approaching maturity. Management generally attempts to maintain a balance between rate-sensitive assets and liabilities as the exposure period is lengthened to minimize the overall interest rate risk to the Company.

The Company's gap and liquidity positions are reviewed on a regular basis by management to determine whether or not changes in policies and procedures are necessary to achieve financial goals. This analysis includes assumptions about balance sheet growth and related mix as well as pricing and maturity profile. Included in the review is an internal analysis of the possible impact on net interest income due to market changes in interest rates. Based on this internal analysis, at September 30, 2002, a gradual increase in interest rates of 200 basis points would have increased net interest income over the ensuing twelve-month period by 3.12% as compared to a projection under stable rates. A gradual decrease in interest rates of 200 basis points over this same period would have decreased net interest income by 3.56% as compared to a stable rate environment. A similar 200 basis point increase (decrease) would have decreased (increased) the Bank's market value of equity by 1.69% and (0.22)%, respectively. Market value of equity is defined as the difference between the estimated fair value of the Company's assets less the estimated fair value of liabilities. The computations of interest rate risk do not necessarily include certain actions that management may undertake to manage this risk in response to anticipated changes in interest rates.

Table 3, "Rate Sensitivity Analysis", presents rate sensitive assets and liabilities, separating the assets and liabilities into fixed and variable interest rate categories. The estimated fair value of each instrument category is also shown in the table. While these fair values are based on management's judgment of the most appropriate factors, there is no assurance that, were the Company to have disposed of such instruments at September 30, 2002, the estimated fair values would necessarily have been achieved at that date, since market values may differ depending on various circumstances.

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Table 3: Rate Sensitivity Analysis
September 30, 2002
(dollars in thousands)

	1 Year	2 Years	3 Years	4 Years	5 Years	Beyo
INTEREST-EARNING ASSETS:						
Gross Loans						
Fixed rate loans	$ 90,935	$ 49,958	$ 40,382	$ 34,543	$ 46,513	$ 89,8
Average interest rate	7.34%	7.60%	7.86%	7.78%	7.43%	7.
Variable rate loans	65,897	25,467	20,867	15,697	10,257	83,4
Average interest rate	5.47%	5.61%	5.67%	5.91%	6.90%	7.
Investment securities (1)						

Fixed rate investments	8,119	11,496	5,472	16,129	-	7,6
Average interest rate	2.39%	5.79%	4.38%	4.42%		4.
Variable rate investments	-	-	-	-	-	5
Average interest rate						4.
Federal funds sold	2,125	-	-	-	-	
Average interest rate	1.77%					
Other earning assets (2)	3,370	-	-	-	-	
Average interest rate	5.06%					
Total interest-earning assets	$170,446	$ 86,921	66,721	$ 66,369	$ 56,770	$181,3
Average interest rate	6.27%	6.78%	6.89%	6.52%	7.33%	7.
INTEREST-BEARING LIABILITIES:						
NOW	$ 64,188	$ -	$ -	$ -	$ -	$ 52,1
Average interest rate	2.13%					0.
Money market	78,312	-	-	-	-	4,4
Average interest rate	2.51%					1.
Savings	-	-	-	-	-	22,0
Average interest rate						0.
CD's under $100,000	112,004	21,101	22,771	6,919	392	
Average interest rate	3.09%	4.00%	4.14%	4.63%	4.99%	
CD's $100,000 and over	115,518	15,438	11,953	3,636	1,502	
Average interest rate	3.69%	4.22%	4.39%	4.95%	5.37%	
Securities sold under repurchase agreements and federal funds purchased	9,014	-	-	-	-	
Average interest rate	1.45%					
Other borrowings (3)	-	-	-	-	10,000	
Average interest rate					3.56%	
Total interest-bearing liabilities	$379,036	$ 36,539	$ 34,724	$ 10,555	$ 11,894	$ 78,7
Average interest rate	2.95%	4.09%	4.23%	4.74%	3.84%	0.

Core deposits, which represent all deposits other than time deposits in excess of $100,000, were 76% of total deposits at September 30, 2002, down slightly from 78% at December 31, 2001. The Bank closely monitors its reliance on time deposits in excess of $100,000, which are generally considered less stable and less reliable than core deposits. Table 11, below, sets forth the amounts of time deposits with balances of $100,000 or more that mature within indicated periods. The Bank does not, nor has it ever, solicited brokered deposits.

Table 4: Maturity of Time Deposits of $100,000 or More
September 30, 2002
(dollars in thousands)

	Amount
Three months or less	$ 37,840
Three through six months	27,313
Six through twelve months	50,365
Over twelve months	32,529
Total	$148,047

EARNING ASSETS

Loans

Lending activities are the Company's single largest source of revenue. Although management is continually evaluating alternative sources of revenue, lending is the major segment of the Company's business and is key to profitability. During the nine month period ended September 30, 2002, average loans were $540.5 million and were 95% of average deposits, compared to $441.0 million and 99% for the same period in 2001. The following table reflects the composition of the Company's loan portfolio as of September 30, 2002 compared to December 31, 2001.

Table 5: Loan Portfolio Composition

	September 30, 2002	December 31, 2001
	(thousands)	
Commercial, financial and agricultural	$ 333,556	$ 280,453
Real estate - mortgage	149,371	147,973
Real estate - construction	51,434	41,064
Installment and consumer	39,406	42,157
Total loans, net of unearned income	573,767	511,647
Less: allowance for loan losses	(6,045)	(5,205)
Net loans	$ 567,722	$ 506,442

Loan concentrations are considered to exist where there are amounts loaned to multiple borrowers engaged in similar activities which collectively would be similarly impacted by economic or other conditions and when the total of such amounts exceeds 25% of total capital. Due to the lack of diversified industry and the relative proximity of markets served, the Company has concentrations of loans from the North Florida region and also has concentrations in the types of loans funded. The Bank's four largest concentration categories are: Land Subdivision and Land Development, Lessors of Nonresidential Buildings, Office of Physicians and Commercial Building Construction.

Loan Quality

The allowance for loan loss is an amount that management believes will be adequate to absorb inherent losses on existing loans that are probable of becoming uncollectible based on evaluations of the collectibility of the loans.

The allowance for loan loss is established through a provision for loan loss charged to expense. Loans are charged against the allowance for loan loss when management believes that the collectibility of the principal is unlikely. The evaluation of collectibility takes into consideration such objective factors as changes in the nature and volume of the loan portfolio, levels maintained by other peer banks and historical loss experience. The evaluation also considers certain subjective factors such as overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay. The determination of the allowance for loan losses considers both specifically identified impaired loans, as well as expected losses on large groups of smaller-balance homogeneous loans that are collectively evaluated for impairment. The level of the allowance for loan loss is also impacted by increases and decreases in loans outstanding, since either more or less allowance is required as the amount of the Company's credit exposure changes. To the extent actual loan losses differ materially from management's estimate of these subjective factors, loan growth/run-off accelerates or the mix of loan types changes, the level of the provision for loan loss, and related allowance, can and will fluctuate.

The allowance for loan losses on September 30, 2002, was 1.05% of total loans, compared to 1.02% at December 31, 2001 and 0.97% at September 30, 2001. Table 6: "Allocation of Allowance for Loan Losses", set forth below, indicates the specific reserves allocated by loan type.

Table 6: Allocation of Allowance for Loan Losses

	September 30, 2002		December 31, 2001	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans
	(dollars in thousands)			
Commercial, financial and agricultural	$4,514	58.1%	$3,669	53.8%
Real estate - mortgage	534	26.0%	484	30.3%
Real estate - construction	28	9.0%	25	7.9%
Consumer	956	6.9%	932	8.0%
Unallocated	13	-	95	-
Total	$6,045	100.0%	$5,205	100.0%

Non-performing assets consist of non-accrual loans, loans past due 90 days or more and still accruing interest, other real estate owned and repossessions. Non-performing assets increased 70% from December 31, 2001 to $4.9 million at September 30, 2002. Non-performing assets as a percentage of total assets increased to 0.71% on September 30, 2002 from 0.47% on December 31, 2001. The increase in non-performing assets is primarily due to four individual loan relationships consisting of commercial, commercial real estate and mortgage loans. The remaining increase is attributed to a greater number of delinquent smaller-balance consumer loans.

Table 7: Non-Performing Assets

	September 30, 2002	December 31, 2001
	(dollars in thousands)	
Non-accrual loans	$3,257	$1,377
Past due loans 90 days or more and still accruing	1,601	1,271
Other real estate owned and repossessions	31	229
Total non-performing assets	$4,889	$2,877
Percent of total assets	0.71%	0.47%

Table 8: Activity in Allowance for Loan Losses

	September 30, 2002	2001
	(dollars in thousands)	
Balance at beginning of year	$ 5,205	$ 3,670
Allowance acquired by acquisition	-	110
Loans charged-off:		
Commercial, financial and agricultural	578	272
Real estate - mortgage	68	46
Real estate - construction	-	-
Consumer	314	288
Total loans charged-off	(960)	(606)
Recoveries on loans previously charged-off:		
Commercial, financial and agricultural	62	107
Real estate - mortgage	33	21
Real estate - construction	-	-
Consumer	80	98
Total loan recoveries	175	226
Net loans charged-off	(785)	(380)
Provision for loan losses charged to expense	1,625	1,450
Ending balance	$ 6,045	$ 4,850
Total loans outstanding	$ 573,767	$ 498,311
Average loans outstanding	$ 540,500	$ 441,001
Allowance for loan losses to loans outstanding	1.05%	0.97%
Net charge-offs to average loans outstanding, annualized	0.19%	0.12%

Investment Portfolio

The Company uses its securities portfolio to assist in maintaining proper interest rate sensitivity in the balance sheet, to provide securities to pledge as collateral for public funds and repurchase agreements and to provide an alternative investment for available funds. The total recorded value of securities was $53.4 million at September 30, 2002, an increase of 44% from $37.1 million at the end of 2001.

Securities are classified as either held-to-maturity or available-for-sale. Securities available-for-sale, which made up 98% of the total investment portfolio at September 30, 2002 had a value of $52.3 million. Securities in the available-for-sale portfolio are recorded at fair value on the balance sheet and unrealized gains and losses associated with these securities are recorded, net of tax, as a separate component of shareholders' equity. At September 30, 2002, shareholders' equity included a net unrealized gain of $662,000, compared to a $320,000 net unrealized gain at December 31, 2001.

The Company invests primarily in direct obligations of the United States, obligations guaranteed as to principal and interest by the United States and obligations of agencies of the United States government. In addition, the Company enters into federal funds transactions with its principal correspondent banks. The Federal Reserve Bank and Federal Home Loan Bank also require equity investments to be maintained by the Company.

The following tables set forth the maturity distribution and the weighted average yields of the Company's investment portfolio.

Table 9: Maturity Distribution of Investment Securities (1)
September 30, 2002

(dollars in thousands)	Held to Maturity		Available for S	
	Amortized Cost	Estimated Market Value	Amortized Cost	Est Mark
U.S. Treasury:				
One year or less	$ -	$ -	$ 4,034	$
Total U.S. Treasury	-	-	4,034	
U.S. Government Agencies and Corporations:				
One year or less	-	-	4,084	
Over one through five years	1,129	1,129	31,969	
Total U.S. Government Agencies and Corporations	1,129	1,129	36,053	
Obligations of State and Political Subdivisions:				
Over ten years	-	-	609	
Total Obligations of State and	-	-	609	

Political Subdivisions				
Mortgage-Backed Securities (2):				
Over one through five years	-	-	33	
Over five through ten years	-	-	4,078	
Over ten years	-	-	3,421	
Total Mortgage-Backed Securities	-	-	7,532	
Other Securities:				
Over ten years (3)	-	-	2,997	
Total Other Securities	-	-	2,997	
Total Securities	$ 1,129	$ 1,129	$51,225	$

Table 10: Weighted Average Yield by Range of Maturities

	September 30, 2002	December 31, 2001	Se
One Year or Less	2.44%	2.56%	
More than One through Five Years	5.23%	5.72%	
More than Five through Ten Years	4.99%	4.95%	
More than Ten Years (1)	4.58%	4.96%	

Other Earning Assets

Temporary investment needs are created in the day-to-day liquidity movement of the Bank and are satisfied by selling excess funds overnight (Fed Funds Sold) to larger, well capitalized banking institutions. If these funds become excessive, management determines what portion, if any, of the liquidity may be rolled into longer term investments as securities.

FUNDING SOURCES

Deposits

The Bank does not rely on purchased or brokered deposits as a source of funds. Instead, competing for deposits within its market area serves as the Bank's fundamental tool in providing a source of funds to be invested primarily in loans. The following table sets forth certain deposit categories for the periods ended September 30, 2002 and December 31, 2001.

Table 11: Total Deposits

	September 30, 2002	December 31, 2001
	(thousands)	
Non-interest bearing:		
Demand checking	$ 80,572	$ 72,859
Interest bearing:		
NOW checking	116,384	105,157
Money market checking	82,780	66,088
Savings	22,060	20,250
Certificates of deposit	311,234	268,537
Total deposits	$613,030	$532,891

CAPITAL RESOURCES

Shareholders' equity at September 30, 2002 was $49.6 million, as compared to $46.7 million at December 31, 2001. During each of the first, second and third quarters of 2002, the Board of Directors declared quarterly dividends of $0.05 per share, consistent with 2001. At September 30, 2002, the Company's common stock had a book value of $8.12 per share compared to $7.64 per share at December 31, 2001.

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Under capital adequacy guidelines, the Company must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about component, risk weightings and other factors.

Quantitative measures as defined by regulation and established to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of Total and Tier 1 capital to risk-weighted assets and Tier 1 capital to average assets. If such minimum amounts and ratios are met, the Bank is considered "adequately capitalized." If a bank exceeds the requirements of "adequately capitalized" and meets even more stringent minimum standards, it is considered to be "well capitalized." As of September 30, 2002, the Bank was considered "well capitalized."

At September 30, 2002 and 2001, the Company's Tier 1 capital, Total risk-based capital and Tier 1 leverage ratios were are as follows:

Table 12: Capital Ratios

	September 30, 2002	September 30, 2001	Well-Capitalized Requirements	Adequately-Capitalized Requirements

Risk Based Capital Ratios:				
Tier 1 Capital Ratio	7.6%	8.0%	6.0%	4.0%
Total Capital to Risk-Weighted Assets	8.7%	8.9%	10.0%	8.0%
Tier 1 Leverage Ratio	6.4%	6.7%	5.0%	4.0%

CRITICAL ACCOUNTING POLICIES

A critical accounting policy is one that is both very important to the portrayal of the Company's financial condition and requires management's most difficult, subjective or complex judgments. The circumstances that make these judgments difficult, subjective or complex have to do with the need to make estimates about the effect of matters that are inherently uncertain. The Company's considers the establishment and maintenance of the allowance for loan loss and the accounting for its core deposit intangible asset to be critical accounting policies.

The allowance for loan loss is established through a provision for loan loss charged to expense. Loans are charged against the allowance for loan loss when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb inherent losses on existing loans that may become uncollectible based on evaluations of the collectibility of the loans. The evaluations take into consideration such objective factors as changes in the nature and volume of the loan portfolio, levels maintained by other peer banks and historical loss experience. The evaluation also considers certain subjective factors such as overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrowers' ability to pay. The level of the allowance for loan loss is also impacted by increases and decreases in loans outstanding, since either more or less allowance is required as the amount of the Company's credit exposure changes. To the extent actual loan losses differ materially from management's estimate of these subjective factors, loan growth/run-off accelerates or the mix of loan types changes, the level of the provision for loan loss, and related allowance, can and will fluctuate.

The accounting for the Company's core deposit intangible asset is also subject to significant estimates about future results. In connection with the acquisition of the Lake City and Live Oak branches of Republic Bank, the Company recorded a core deposit intangible of approximately $6,000,000. This intangible asset is being amortized on a straight-line basis over its estimated useful life of 10 years. The life of this asset was based on the estimated future period of benefit to the Company of the depositor relationships acquired. To the extent that the deposit relationships acquired diminish faster than anticipated, the amount of the core deposit intangible that is amortized each period could increase significantly, thus shortening its useful life. Through September 30, 2002, the performance of the depositor relationships did not differ materially from expectations.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

On January 28, 1997, the Securities and Exchange Commission adopted amendments to Regulation S-K, Regulation S-X, and various forms (Securities Act Release No. 7386) to clarify and expand existing requirements for disclosures about derivatives and market risks inherent in derivatives and other financial instruments. As noted below, at September 30, 2002, the Company was a party to a single interest rate derivative contract. The Company also holds other financial instruments, which include investments, loans and deposit liabilities. The release requires quantitative and qualitative disclosures about market risk. See the section titled "Liquidity and Interest Rate Sensitivity" for further discussion on the Company's management of interest rate risk.

The Company's sole derivative contract is a $10 million notional interest rate swap that was entered into as a hedge of interest rate risk inherent in the Company's $10 million term loan. Under the terms of the swap, the Company will receive a variable rate of interest equal to 90-day Libor plus 170 basis points, reset quarterly. The Company will pay a fixed rate of interest equal to 6.45% for the life of the contract. All cash flows are computed based on the $10 million notional amount and are settled quarterly on a net basis. The contract matures October 3, 2006 and the notional amount will be reduced by $714,286 on a semi-annual basis beginning April 2004. The fair value of the swap at September 30, 2002, including interest accruals, was approximately ($667,000). The swap is being accounted for as a cash flow hedge of the variable interest payments under the $10 million term debt. Changes in the fair value of the swap, net of taxes, are recorded as a separate component of shareholders' equity. Amounts are transferred from equity to earnings as the hedged transactions are reflected in income.

Non-derivative financial instruments that have market risk are included in Table 3: "Rate Sensitivity Analysis". These instruments are shown by maturity, separated by fixed and variable interest rates. The estimated fair value of each instrument category is also shown in the table. While these estimates of fair value are based on management's judgment of the most appropriate factors, there is no assurance that, were the Company to have disposed of such instruments at September 30, 2002, the estimated fair values would necessarily have been achieved at that date, since market values may differ depending on various circumstances. The estimated fair values at September 30, 2002 would not necessarily be considered to apply at subsequent dates.

CONTROLS AND PROCEDURES

Within ninety days prior to the filing of this Report on Form 10-Q, the Company, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures are effective to ensure that material information relating to the Company is made known to them, particularly during the period in which this Report is being prepared.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings - There are no material pending legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is the subject.

Item 2. Changes in Securities - Not applicable.

Item 3. Defaults Upon Senior Securities - Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders - Not applicable.

Item 5. Other Information - Not applicable.

Item 6. Exhibits and Reports on Form 8-K -

(a) Exhibits:

99.1 Chief Executive Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2 Chief Financial Officer certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

On July 25, 2002, the Company filed a Form 8-K to report its 2002 second quarter earnings.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CNB Florida Bancshares, Inc.

(Registrant)

By: /s/ G. Thomas Frankland

G. Thomas Frankland
Executive Vice President
and Chief Financial Officer

Date: November 13, 2002

CERTIFICATIONS

I, K. C. Trowell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CNB Florida Bancshares, Inc.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ K. C. Trowell

K. C. Trowell
Chairman of the Board, President and
Chief Executive Officer

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I, G. Thomas Frankland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CNB Florida Bancshares, Inc.

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in exchange Act Rules 13a-14 and 15d-14) for the registrant and we have;

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent

evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ G. Thomas Frankland

G. Thomas Frankland
Executive Vice President and
Chief Financial Officer